

Exhibit I

- (g) the Retained Books and Records;
- (h) any interest in or right to any refund, rebate or credit of Excluded Asset-Reorganization Taxes (including, for the avoidance of doubt, with respect to any Taxes for which Sellers remain liable); provided, however, that if Buyer makes the election under Section 2.12(b) to treat all the transactions described in this Article II as Designated Sale Transactions (resulting in no transfer of Sellers' Tax attributes to Buyer), then this Section 2.2(h) shall also include any interest in or right to any refund, rebate or credit of Excluded Asset-Sale Taxes;
- (i) all Claims and Proceedings of Sellers (other than Claims described in Section 2.1(p));
- (j) all Avoidance Actions;
- (k) the Excluded IT;
- (l) except as otherwise expressly included as Acquired Assets, all shares of capital stock or other equity interests of any Seller or Subsidiary of the Seller or securities convertible into or exchangeable or exercisable for shares of capital stock or other equity interests of any Seller, Subsidiary of the Seller or any other Person;
- (m) all Employee Plans, including any assets, trust agreements or other funding Contracts related thereto;
- (n) all bank accounts;
- (o) ~~(n)~~ any accounts receivable other than the Acquired Receivables; ~~and~~
- (p) if the SHIP Purchase Agreement shall have terminated prior to the Closing Date, all rights of any Seller to (i) the Deposit Escrow Amount (as defined in the SHIP Purchase Agreement) or (ii) any other claims against Buyer (as defined in the SHIP Purchase Agreement); and
- (q) ~~(o)~~ the SHIP Asset Purchase Agreement Assets (if the SHIP Closing shall have occurred prior to the Closing Date).

Section 2.3 Assumption of Liabilities. Upon the terms and subject to the conditions of this Agreement, on the Closing Date Buyer, or the applicable Assignee, shall assume, effective as of the Closing, and shall timely perform and discharge in accordance with their respective terms, the following Liabilities (collectively, the "Assumed Liabilities"):

- (a) all Liabilities of the Seller or any of its Subsidiaries arising out of the ownership of the Acquired Assets or operation of the Business or the Acquired Assets on or after the Closing Date that are Related to any Acquired Asset;
- (b) all Liabilities arising on or after the Closing Date or Designation Assignment Date, as applicable, relating to the payment or performance of obligations with respect to the Assigned Agreements;

(c) all Liabilities arising on or after the Closing Date from or related to any Claim, Action, arbitration, audit, hearing, investigation, suit, litigation or other proceeding (whether civil, criminal, administrative, investigative, or informal and whether pending or threatened or having any other status) arising out of the Assumed Liabilities, the Acquired Assets or the operation of the Business on or after the Closing Date (but not prior to the Closing Date) or relating to facts, actions, omissions, circumstances or conditions existing, occurring or accruing on or after the Closing Date (but not prior to the Closing Date) that are Related to the Acquired Assets or the Assumed Liabilities;

(d) Buyer's obligation to pay the Buyer Occupancy ~~Expenses during the Designation Rights Period as provided in Section 5.1(b) Costs~~;

(e) subject to Section 2.8(e), all Liabilities for warranties and protection agreements or other services contracts (other than warranties relating to Intellectual Property) for the goods and services of Sellers sold or performed prior to the Closing, including any Liabilities owed by Sears Re to any Seller in respect of reinsurance of such warranties and protection agreements (the "PA Liabilities") ~~as to which the holder of such warranty, protection or services contract has submitted a duly completed affirmation of such holder's rights in such warranty, protection or services contract on or prior to the date that is two hundred and seventy (270) days following the Closing Date;~~³;

(f) all Assumed Customer Credits;

(g) all Cure Costs solely with respect to the Assigned Agreements;

(h) all Excluded Asset-Sale Taxes (except if otherwise provided in Section 2.4(i) hereof);

(i) all Liabilities resulting from actions or inactions taken by the Sellers or any Affiliate of Sellers in compliance with Section 9.2;

(j) all Liabilities with respect to the Transferred Employees (i) to the extent arising as a result of an event, action or omission that occurs on or following the Closing ~~and/or~~ (ii) expressly assumed by Buyer and its Subsidiaries pursuant to Section 9.7;

(k) the Severance Reimbursement Obligations, Assumed 503(b)(9) Liabilities, Other Payables and all payment obligations with respect to the Ordered Inventory~~;~~ provided, that:

(i) Buyer shall not be required to make any payments with respect to the Other Payables until the later of (1) the Closing Date and (2) the date that the applicable obligation thereunder becomes due in the Ordinary Course of Business;

(ii) ~~(i) (A)~~ Buyer shall not be required to make any payments with respect to ~~any Assumed 503(b)(9) Liabilities described in this clause (k)~~ until the ~~later~~earlier of (1) the date that is ~~270~~120 days following the Closing Date and (2) the date on which a

³- ~~Note to Sellers: Buyer requests an opportunity to discuss affirmation process with respect to assumed protection agreements with SHS management.~~

chapter 11 plan of reorganization is confirmed by the Bankruptcy Court with respect to the Debtors;

(iii) ~~(ii)~~ Buyer's obligations with respect to the Severance Reimbursement Obligations shall not exceed \$43,000,000 in the aggregate, and notwithstanding Section 2.3(k)(i), the timing of such reimbursement shall be made in accordance with Section 9.7(i);

(iv) ~~(iii)~~ Buyer's obligations with respect to the Assumed 503(b)(9) Claims shall not exceed \$139,000,000 in the aggregate;

(v) ~~(iv)~~ Buyer's obligations with respect to the Other Payables shall not exceed \$166,000,000 in the aggregate;

(vi) ~~(v)~~ In the event that the Aggregate DIP Shortfall Amount is a positive number, Buyer's obligations to assume the Liabilities described in this clause (k) shall be reduced dollar for dollar by the Aggregate DIP Shortfall Amount in the following order, until the aggregate amount of all such reductions is equal to the Aggregate DIP Shortfall Amount: *first*, the Severance Reimbursement Obligations, *second*, the Other Payables and third, the Assumed 503(b)(9) Claims ~~and third, the Other Payables~~. The allocation of any reduction determined in accordance with the previous sentence of (A) the amount of the Assumed 503(b)(9) Claims among any specific Assumed 503(b)(9) Claims and (B) the amount of the Other Payables among any specific Other Payables shall be determined by Buyer in its sole discretion;

(vii) ~~(vi)~~ In the event that the Specified Receivables Shortfall Amount is a positive number, Buyer's obligations to assume the Severance Reimbursement Obligations and the Assumed 503(b)(9) Claims shall be reduced dollar for dollar by the Specified Receivables Shortfall Amount in the following order, until the aggregate amount of all such reductions is equal to the Specified Receivables Shortfall Amount: first, the Severance Reimbursement Obligations and second, the Assumed 503(b)(9) Claims. The allocation of any reduction determined in accordance with the previous sentence of the amount of the Assumed 503(b)(9) Claims among any specific Assumed 503(b)(9) Claims shall be determined by Buyer in its sole discretion;

(viii) ~~(vii)~~ In the event that the Warranty Receivables Shortfall Amount is a positive number, Buyer's obligations to assume the Severance Reimbursement Obligations and the Assumed 503(b)(9) Claims shall be reduced dollar for dollar by the Warranty Receivables Shortfall Amount in the following order, until the aggregate amount of all such reductions is equal to the Warranty Receivables Shortfall Amount: first, the Severance Reimbursement Obligations and second, the Assumed 503(b)(9) Claims. The allocation of any reduction determined in accordance with the previous sentence of the amount of the Assumed 503(b)(9) Claims among any specific Assumed 503(b)(9) Claims shall be determined by Buyer in its sole discretion;

(ix) ~~(viii)~~ In the event that the ~~Ordered Prepaid~~ Inventory Shortfall Amount is a positive number, Buyer's obligations to assume the Severance Reimbursement

Obligations and the Assumed 503(b)(9) Claims shall be reduced dollar for dollar by the
~~Ordered~~Prepaid Inventory Shortfall Amount in the following order, until the aggregate
amount of all such reductions is equal to the Prepaid Inventory Shortfall Amount: first,
the Severance Reimbursement Obligations and second, the Assumed 503(b)(9) Claims.
The allocation of any reduction determined in accordance with the previous sentence of
the amount of the Assumed 503(b)(9) Claims among any specific Assumed 503(b)(9)
Claims shall be determined by Buyer in its sole discretion; and

(x) ~~(ix)~~ Notwithstanding anything to the contrary herein or in the Approval
Order, and for the avoidance of doubt, the Buyer's agreement to pay Assumed 503(b)(9)
Claims, Specified Payables, or any other administrative or priority claim of the Sellers
pursuant to the terms hereof is a general unsecured contractual obligation of the Buyer
owed solely to the Sellers.

(l) the Assumed Property Tax Liabilities; ~~and~~

(m) the SHIP Purchase Agreement Liabilities (if the SHIP Closing shall not have
occurred prior to the Closing Date);

(n) ~~(m)~~ all Liabilities relating to amounts required to be paid by Buyer under the
Transaction Documents; and

(o) all Liabilities arising prior to, at or after the Closing Date under or pursuant to any
Environmental Law relating to the presence of Hazardous Substances at, on, in, under or
migrating to or from any Acquired Asset.

Section 2.4 Excluded Liabilities. None of Buyer, any Affiliate of Buyer or any
Assignee shall assume, be deemed to assume or become obligated hereunder in any way to pay
or perform (whether as a successor to any Seller or otherwise) any Liabilities of any Sellers or
any of their respective Affiliates of any kind or nature, known, unknown, contingent or
otherwise, whether direct or indirect, matured or unmatured, other than the Assumed Liabilities,
(the foregoing including the following, the "Excluded Liabilities") which shall include the
following Liabilities:

(a) all Liabilities of the Seller or any of its Subsidiaries arising out of the ownership
of the Acquired Assets or operation of the Business or the Acquired Assets prior to the Closing
Date other than Cure Costs, Other Payables, the Assumed 503(b)(9) Claims, Severance
Reimbursement Obligations, and Ordered Inventory;

(b) all Liabilities ~~(i)~~ relating to the payment or performance of obligations arising
solely out of facts or circumstances in existence prior to the Closing Date or Designation
Assignment Date, as applicable, with respect to the Assigned Agreements ~~or (ii) disclosed on or~~
~~required to be disclosed on any Schedule;~~

(c) all Liabilities arising from or related to any claim, Action, arbitration, audit,
hearing, investigation, suit, litigation or other proceeding (whether civil, criminal, administrative,
investigative, or informal and whether pending or threatened or having any other status) arising